



Press Release: RCS MediaGroup Board of Directors

Approval of preliminary consolidated results at 31 December 2015¹

2015 GUIDANCE ACHIEVED

GROUP CONSOLIDATED NET REVENUE IN SLIGHT DECLINE (-3%)
EBITDA MARGIN BEFORE NON-RECURRING INCOME AND EXPENSES AT 7%
NET FINANCIAL DEBT BELOW EUR 500 MILLION

PRELIMINARY RESULTS

Consolidated net revenue at EUR 1,032.2 million (EUR 1,065.1 million at 31 Dec 2014)
EBITDA before non-recurring items positive at EUR 71.8 million (EUR 60.7 million at 31 Dec 2014)
EBITDA after non-recurring items at EUR 16.4 million (EUR 27.9 million at 31 Dec 2014)
Net financial debt at EUR 487 million
Cash flow from operations improves by EUR 32 million

Milan, 22 February 2016 – The Board of Directors of RCS MediaGroup met today to approve the preliminary consolidated results at 31 December 2015, under the chairmanship of Paolo Colonna due to the inability of Chairman Maurizio Costa to attend the meeting.

The Group delivered on its 2015 guidance, with consolidated net revenue down slightly (-3%). EBITDA before non-recurring items increased in absolute terms as did the margin, reaching 7% of total revenue. Net financial debt ended at less than EUR 500 million.

Taking into consideration that as of 30 September 2015, revenue and EBITDA do not include results from the Books division, the Group's **consolidated net revenue** at 31 December 2015 was EUR 1,032.2 million, versus EUR 1,065.1 million on a like-for-like basis in the same period of 2014. **Circulation revenue** was EUR 421 million, down EUR 25 million year on year, mainly related to trends in the Spanish market. **Advertising revenue** totalled EUR 475 million, down 3.1% year on year (EUR -16 million). The year-on-year comparison is penalized by the positive impact in 2014 of special publishing initiatives and the FIFA World Cup. Excluding these special events - and net of revenue related to the Milan EXPO - the decrease in Group advertising revenue is just 2% versus 2014. **In the fourth quarter of 2015, the year-on-year decline in advertising revenue was more modest** than in previous quarters, at -1.2%. **Other publishing revenue** grew by EUR 8 million, thanks to successful initiatives of RCS Sport, reaching EUR 136 million.

¹Alternative performance indicators: EBITDA - intended as operating income before depreciation and amortization. This includes income and expenses from investments accounted for using the equity method. Net Financial Debt - Indicator of financial structure, calculated as current and non-current payables net of cash and cash equivalents, as well as current assets and non-current financial assets relative to derivatives.



EBITDA before non-recurring items was a positive EUR 71.8 million, increasing by more than EUR 11 million (+18.3%) versus the same period last year, **due to growth in all business areas**. More specifically, Media Italy increased from EUR 61.8 to EUR 65.3 million, Media Spain increased from EUR 27.3 to EUR 29.4 million, while improved results of RCS Sport added EUR 4 million.

Non-recurring expenses of EUR 55,4 million were accrued during the course of the year, the financial impact of which is in line with the EUR 70/80 million in total cash out to be incurred over the next three years as detailed in the recently announced 2016-2018 Business Plan. **EBITDA after non-recurring items was thus EUR 16.4 million**, versus EUR 27.9 million at 31 December 2014.

These results were achieved also thanks to continued efficiency measures, which in 2015 generated **gross benefits of over EUR 60 million** (of which about EUR 4 million related to the Books division). At the same time, RCS strengthened its internal capabilities thanks to hiring in areas of strategic development: net of new hires and ongoing labor costs, efficiency gains in 2015 were EUR 40 million (of which about EUR 4 million related to the Books division).

Net financial debt was EUR 487 million (EUR 482.5 million as at 31 December 2015) representing a **significant improvement in operations** of approximately EUR 32 million compared to the same period in 2014.

The Board of Directors has therefore **approved the 2016 budget, confirming the first year objectives of the 2016-2018 Business Plan** announced in December, the achievement of which does not foresee the need for any capital increase:

- Revenues in line with 2015;
- Net efficiency gains of EUR 40/45 million;
- EBITDA margin of 10% before non-recurring items;
- Net profit slightly positive and net cash flow at breakeven;
- Reduction of debt/EBITDA ratio to about 4x

Finally, the Board of Directors was updated on the negotiations with the lending banks to redefine the terms of the Financing Agreement, which is proceeding according to the expected methods and timing, with the aim of reaching an agreement in March.

Riccardo Taranto, the Director responsible for drawing up the company's accounting statements, hereby declares, pursuant to article 154-bis, paragraph 2 of the Consolidated Law on Finance (Testo Unico della Finanza, TUF), that the information contained in this press release accurately represents the figures contained in the Group's accounting records.

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